

Format for Quarterly and Final Completion Reports for COMPETE Grants

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P F Tracking Number:	TSA-STA-010-017
Title of Activity:	Scaling Up Kenyan Fair Trade Macadamia Exports
Start Date of Reporting Period:	July 1 2011
End Date of Report:	September 31, 2011
Date Report Submitted:	5 th October, 2011

Narrative reports must contain, as a minimum, the following:

- A comparison of actual accomplishments with the goals and objectives established for the period. Particular achievements and obstacles to the success of the project should be reported in specific terms.

	Goal	Achieved to date
1	Relocate and improve plant equipment to achieve full food grade processing capacity as verified by the Kenyan Bureau of Standards.	We have carried out a scheduled Quarterly Preventive maintenance on the existing plant's machineries; boiler and its accessories. Cracker and major components were serviced. The next major plant servicing will be due on December. The upgrading of the existing wash rooms and toilets is planned for next quarter.
2	Increase plant capacity to allow processing of 100 tons/season (two seasons)	A contact person from Verde Ventures paid us a visit to evaluate our business and thus we are hoping to get the funding to increase our processing capacity any time. The area to be accorded the first priority are the driers, storage and grading equipments/Machines
3	Purchase 200 tons of macadamia from Meru and Taita growers associations, at a value of 6 million Ksh (Fair trade minimum price of 30 Ksh/kg).	10,410 kgs of macadamia nuts (NIS) were purchased during this period from Embu/Meru/Kirinyaga &Taita. A total of ksh 1,041,000 has been paid to farmers during this period. The purchases are still ongoing despite the stiff competition among the different organisations thus pushing the prices high.

		During this period the price per kilo for NIS averaged at ksh100 and at times as high as 120 Ksh/kg.
	Provide 1 million Ksh in social premiums for investment in community projects to the Meru/Chogoria and Taita grower associations (social premium of 5 Ksh/kg)	Owing to the fact that, this is an off-peak season and the purchases are low, the social premiums has not been paid for but will be settled once the peak season begins.
5	Provide 1 million Ksh in fees to the associations for the collection and storage of macadamia on behalf of TSA.	A total of Ksh 51,920 has been paid to Meru, kirinyaga & embu for the collection and storage of 7920 kgs of nuts. We also paid Ksh 9000 to Wamatta for storage of 2500kgs purchased during this period.
6.	Achieve Fair Trade certification (FLO advanced, introductory already obtained) and organic certification for macadamia for the two farmer's associations	<p>The final preparation for the birth of the second fair trade association happened this Quarter. The association has 200 registered members for a start. The different self help groups namely Wang'atia, Rwambiti, Kirima, Kangunyo, Kaunda and Gitumbi, Merged to form the KIRINYAGA EAST MACADAMIA FARMERS ASSOCIATION.</p> <p>The above group's representatives held a series of meetings to come up with the group's executive officials ie;</p> <ol style="list-style-type: none"> 1. Cyrus Murage Gaturu-Chairman 2. Moris Muriithi Josia -Vice Chairman 3. Joseph Gichobi Muriithi-Secretary 4. Joseph mugweru NdegwaAss.Secretary 5. Robinson Muli Ngochi-Treasurer <p>The above officials also managed to come up with the association's constitution which was originally in Kiswahili but later translated to English. I will attach to this report the groups Constitution.</p> <p>Also the association was duly registered with the ministry of gender and social services. After the registration the group was issued with the CBO (Community based organisation) Certificate. All the logistical expenses were settled by Ten senses Africa limited.</p> <p>The above three requirements were submitted to FLO registration office and the registration process began after Ten Senses paid a total of 525 Euros as registration fees.</p> <p>After this payment the group was given the FLO application forms and some questionnaire to be filled and signed which was done and returned for further scrutiny. FLO CERT has assigned the Kirinyaga group the FLO ID no. 27210.</p> <p>The next step is to carry out extensive trainings before the audit planned for next quarter. A training schedule has been agreed with the service provider, Farm to Fork, Ltd. A total of 33 days are planned for the organic process and 35 days for the FT process, to be done by three consultants.</p>

		<p>The FLO surveillance audit for the Wamatta association took place between 7th-9th Sept 2011. The results for this Audit are yet to be released but it was very positive as compared to the last audit which had a lot of non conformities. I will alert you when the final results are released.</p> <p>An agreement has been reached with Eco-Cert to carry out the repeat organic audit for WAMATTA and the initial organic audit for Kirinyaga within the next 2.5 months. A meeting is planned for October 5 in order to agree on the details of this audit.</p>
7	Provide technical assistance to the growers in Meru and Taita that will result in a decrease in rejection rate and an increased yield of (to 25% of finished product as volume of nuts purchased)	<p>Ten Senses has contracted with Farm to Fork Ltd. to provide technical assistance to farmer groups. The technical assistance offered range from Macadamia trees top working that is; grafting of tetrapyla trees with intergripholia type where 500 trees have been top worked. This is in future going to yield high volumes and reduce the undersize (rejects) nuts.</p> <p>We also advice on good agricultural practises and discourage intercropping thus increasing the volumes produced.</p>
8	Provide technical assistance to the grower associations in Meru and Taita that will result in increased ability to manage their association for the benefit of the members.	<p>We helped the Kirinyaga association to come up with the draft constitution which we translated to an English version from the initial Swahili version. Apart from this Kirinyaga being a new and upcoming organisation most of the necessary technical assistance is being given by TSA. TSA has catered for this group's legal registration fees, Bank account opening charges, and vital logistics expenses. Once the organisation is fully FLO registered, TSA is willing to extend this assistance even further.</p>
9	Export 50 MT of processed nuts, of which at least 30 tons to the US market. This represents a sales goal of \$240 000 or 17 million Ksh (40 000 kg @ \$6/kg)	<p>During this Quarter Ten senses Arica Limited managed to export a total of 5556.6 Kgs of processed and vacuum packed macadamia nuts to our customer in Europe. This Represents a sale of Ksh 2.9 million.</p> <p>The shipment consisted of styles 0-5 Grade A & Coloured, insect damaged as well as immature nuts. This second grade is for oil extraction purposes.</p>
10	Extend the partnership agreement to one additional grower's group, with at least 500 members	<p>We are still working on modalities to have the already Started KIRINYAGA EAST MACADAMIA FARMERS ASSOCIATION Fair trade certified. The group so far has 200 registered members but there is a potential to increase to as many as 1000.</p> <p>The audit and subsequent certification for this group is scheduled by the end of this year. We are awaiting a certification date from FLO-CERT.</p> <p>After an extensive period of needs evaluation and gap analysis, the trainings by farm to fork began on 3 October. Training schedule is attached.</p>
11	Create stable employment for at least 35 staff in the Nairobi factory	<p>We have not created any stable employment in the Nairobi Factory during this Quarter. This being a low season, most of</p>

		the production processes are under utilized and they can't warrant any staff employment.
12	Create a social enterprise which will model corporate social responsibility in Kenya. The TSA board is committed to provide financial and in-kind support to an orphanage in the Kawangware slum in Nairobi.	We have been aiding Tapa Trust, a children's home, with shells for their cooking fuel. 6MT of shells have been provided, which satisfies their cooking requirements for two months. This has saved them Ksh 30,000.

- An evaluation or analysis of the degree to which the grant activities are achieving the project objectives. Reasons why established goals were not met if appropriate.

The main reason why the development of the second fair trade farmers group has gone slow is that the original budget for this activity was lower than the actual expenses both incurred and projected. We were able to resume this process aggressively only when further funding had been sourced (which it now has been). With the allowance of an extension by COMPETE, we believe that the objectives regarding to the second farmer group will be met.

The total budget spent, needed and committed for organic and fair trade certification for both farmer groups is as follows:

Service provider	purpose	amount	USD (approximate value)
Farm to Fork	WAMATTA consulting	1,464,860 Ksh	19,500
Farm to Fork	Kirinyaga consulting	1,130,825 Ksh	13,300
BSC Oeko	WAMATTA initial organic audit	\$1632	1632
FLO-CERT	WAMATTA fair trade audit	EUR 1051 plus \$2445	3790
FLO CERT	Kirinyaga fair trade audit (registration fee only)	EUR 525	760
Eco-CERT	WAMATTA and Kirinyaga organic audits	EUR 1995	2790
total certification costs for two groups			41,772

This compares with the amount available in the original COMPETE budget of \$12,500 (of which \$5000 from COMPETE).

- Other pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

NA

- A minimum of five copies of any publication funded under the grant, including books, brochures, newsletters, bulletins, video cassettes; and single copies of all other products such as newspaper clippings, project announcements, and audited financial statements.

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